

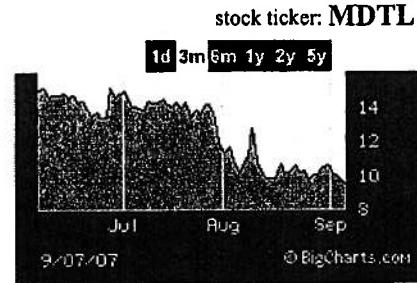
EXHIBIT 3

Citron Research Questions Medis Technology (MDTL) Press Release

Posted in [Citron Blog](#) by CitronResearch on the April 13th, 2007

Dear Reader,

Citron Research calls into serious question the press release distributed today by Medis Technologies (NASDAQ:MDTL) regarding the sale of product to Microsoft. We are not fully ready to declare this a fraud yet, but here are the clues that tell us that something is very wrong with todays press release:



We called Medis Technology and spoke to Deputy Chairman/COO/Treasurer Howard Weingrow. When asked how much the sale was for and the name of a contact at Microsoft, he responded that he did not have the purchase order in front of him and could not answer those questions. This is supposed to be the company's first sale, yet the COO does not even know how the sale was for.

The press release did not name a contact person or even a group at Microsoft and contained no quote from a Microsoft representative.

The usual Microsoft Corp. trademark identifiers were missing.

The press release said "delivery" but when did they sign the contract? The same day ?

In the past Medis has put out press releases regarding sales that have never occurred.

<http://www.medistechnologies.com/news.php?op=a&id=46>

The two people we spoke to in Microsoft's corporate communications did not know about this press release. We will keep you updated on any developments.

We note that Medis has reported less than \$1 million in revenue in the entire span of the last five years. During that time the share count has increased over 41%. We guess \$664 million (market cap) just doesn't buy what it used to.....

It is the opinion of Citron that there is a lot more to this story. We have been promised a product for years, and instead we have a long trail of nothing more than broken promises from management. If this press release is true, than it is time for the company to step up with confirmation and disclosure of the material details.

Cautious Investing To All

EXHIBIT 4



Published on Inside Greentech (<http://www.insidegreentech.com>)

Microsoft to sell fuel cells

By Dallas Kachan

Published April 13, 2007 - 12:00pm

Microsoft is to soon start offering a fuel cell-based power pack product for powering personal electronics, its OEM partner revealed today.

Medis Technologies of New York (NASDAQ: [MDTL](#)) said it has delivered its first shipment of special Microsoft-branded versions of its Direct Liquid Fuel Cell (DLFC)-based "24/7 Power Pack" product.

While the company wouldn't specify the quantity of the initial shipment, or of the contract's total volume, business development manager Andrew Udis told Inside Greentech the ultimate unit commitment was expected to be "in the millions."

A Microsoft spokesperson would only acknowledge that the company made "a small purchase" from Medis, but Udis confirmed Microsoft intends to offer the devices to the public.

"They've branded the product and plan to sell these around the world."

Shares of Medis were up \$2.60 today, almost 15%, trading at \$20.99.

"This is an historic moment for our company," said Robert K. Lifton, Chairman and CEO of Medis, in a statement.

"It marks the first commercial sales of our 24/7 Power Pack product and indeed, the first commercial sales in quantities of any consumer fuel cell product. We are pleased to be able to serve Microsoft as our first customer."

The Microsoft deal may be the first, but Medis' Udis told Inside Greentech other companies have come forward with volume orders for its 24/7 Power Pack.

"We have an agreement with a distributor called ASE to put it in drug stores and supermarkets in U.S. and Canada. The agreement is for seven million units over two years. A Microsoft vendor called Quasar has committed to one million units over one year. And Northwest Power is going to sell it business-to-business, and has committed to 250,000 to start."

Udis said Medis was also "talking to all the leading mobile operators in the U.S., Europe and Asia and other OEMs."

The first Power Packs for Microsoft were produced on Medis' semi-automated line.

A fully automated line, which was built by Ismeca in Switzerland, is in the process of being dismantled and shipped to Ireland where it's to be managed by contract manufacturer Celestica.

Medis Technologies' primary focus is now on direct liquid fuel cell technology. Its strategy is to sell its products to end users through retail outlets, service providers and to the military and other markets.

Medis has developed medical products in the past. The company also claims to have other technologies in varying stages of development.

Source URL:

<http://www.insidegreentech.com/1035/microsoft-to-sell-fuel-cells>

EXHIBIT 5

Microsoft says it has no plans to sell fuel cell chargers

By John Letzing
Last Update: 4:29 PM ET Apr 17, 2007

SAN FRANCISCO (MarketWatch) — Despite recent media reports, Microsoft Corp. has no plans to sell fuel cell products capable of re-charging portable electronic devices, according to a company spokeswoman. On Friday a company called Medis Technologies Ltd. announced it had sold an unspecified amount of its fuel cell chargers to Microsoft, but offered no further details. Media reports appeared soon afterward, speculating that the chargers may be intended for re-sale by Microsoft to accompany its Zune portable media device. The Microsoft (MSFT) spokeswoman said only that a "small amount" of the chargers was purchased, to be distributed for free at an upcoming event. Microsoft is "not planning to sell them to consumers," the spokeswoman said. ■



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Intraday data delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges.
Dow Jones IndexesSM from Dow Jones & Company, Inc.
SEHK intraday data is provided by Comstock and is at least 60-minutes delayed.
All quotes are in local exchange time.

EXHIBIT 6

April 17, 2007

Updated: Microsoft Comments on Medis: 'Like a Frisbee'

I see that MarketWatch's John Letzing beat me to the punch -- scooped me on my own story! -- regarding Microsoft's (msft) comments that it has no plans to sell fuel cell chargers from Medis Technologies (mdtl). (Nice job, John.) The skimpy Medis press release last Friday, about the Microsoft deal, gave no detail, but helped goose the stock. In subsequent interviews, Medis executives pumped up the importance of the deal. Business development manager Andrew Udis went so far as to tell the publication, Inside Greentech, that the Microsoft commitment was expected to be "in the millions" and that Microsoft intends to offer its fuel cell to the public. "They've branded these products and plan to sell these around the world," Udis was quoted as saying.

Now hear this: A Microsoft spokesman, noting that the order was "small," told me there has been "inaccurate" information in the marketplace about what Microsoft plans to do with the fuel cells. "We have no plans to resell these products around the world," she said. She added that Microsoft has no plans "for development of the product."

Then what is Microsoft doing with it? As John says in his piece, Microsoft plans to use the Medis products as a giveaway at an upcoming event...like a chatchke. Yet another Medis announcement that isn't quite what it appears to be.

Update -- this just in: Glass Lewis, the proxy and research firm, reports added color in a report to its clients. It quoted a Microsoft spokesman as saying the Medis product is "not a Microsoft branded product." He added that the total purchase price was "less than \$15,000. We have no agreements with them. No joint development. There's no partnership around accessories. If you think of this as akin to Microsoft buying a pen or a Frisbee -- that's the way you should think of it." That's pretty much confirms what I got in a "background" conversation with Microsoft.

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TrackBack

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<http://www.typepad.com/t/trackback/814392/17809186>

Listed below are links to weblogs that reference Updated: Microsoft Comments on Medis: 'Like a Frisbee':

» [Microsoft Comments on Medis from Value Investing News](#)

Herb Greenberg and John Letzing get to the bottom of the over hyped press release by Medis Technologies last Friday regarding the sale of its 24/7 fuel cell Power Packs to Microsoft. Medis stock took off after the announcement. However, the MarketWatch re [Read More]

Tracked on Apr 18, 2007 9:50:21 AM

Comments

Hi everyone

Indian stock market is all set to touch 14500 in coming days.

Now Sensex is very high wait for bit of correction then go for long.

If you have any doubt or query related to Indian stock market then you can always ask us. We are Sharetipsinfo .We provide stock market calls.

Posted by: sharetipsinfo | April 18, 2007 at 02:08 AM

Interesting, Herb, that your Microsoft "spokesman" and Letzing's "spokeswoman" are both unnamed.

And now you stoop so low as to quote "research firm" Glass Lewis - the same "research firm" that six months ago spread lies that have come to nothing about a non-existant options backdating problem at Medis* - claiming to quote yet another unnamed Microsoft "spokesman" that supposedly compared a state of the art portable power supply to a pen and a frisbee??

* <http://www.msnbc.msn.com/id/15474594/>

Do you have any journalistic standards at all, Herb? Here's a clue: double hearsay from a known prevaricator just doesn't cut it.

Medis backed up its press release with an 8-K. All you are doing is repeating undocumented hearsay.

Who do you think will be in attendance at MSFT's "upcoming event"? Vista code writers? Or accessory buyers from Verizon, Sprint, Cingular, RIM, Palm, Dell, HP...?

davcbr on Apple: Imagine if You Just Bought an iPhone

Rohit on Apple: Imagine if You Just Bought an iPhone

Sami on Apple: Imagine if You Just Bought an iPhone

hugues da mousse on Apple: Imagine if You Just Bought an iPhone

Lolzers on Apple: Imagine if You Just Bought an iPhone

Jason on Apple: Imagine if You Just Bought an iPhone

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ARCHIVES

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Come on, Herb. Tell us the truth. How much are the MDTL shorts paying you?

Posted by: [Medis Long](#) | April 18, 2007 at 02:16 AM

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If you have any doubt or query related to Indian stock market
then you can always ask us. We are Sharetipsinfo.We provide stock
market calls.

Posted by: [Sharetipsinfo](#) | April 18, 2007 at 02:58 AM

Great job on Medis, too funny.

Maybe they could work some kind of 'schwag promo' with Ginsu:
"Stock drops like a hot knife through butter!"

... would have been sweet if they sent me a free bamboo steamer
with my bought my 6/06 MEDIS.

Posted by: [Jennifer Monaghan](#) | July 06, 2007 at 03:34 AM

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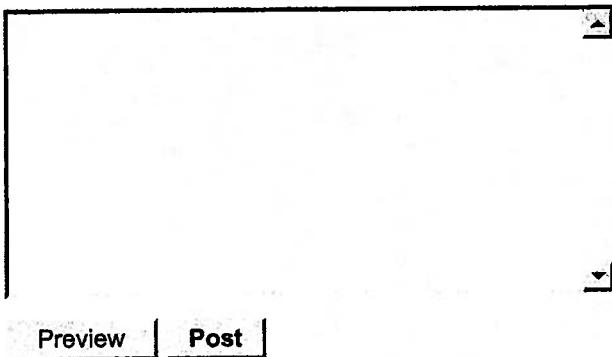
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EXHIBIT 7

Company Name: Medis Technologies
 Company Ticker: MDTL US
 Date: 2007-05-09
 Event Description: Q1 2007 Earnings Call

Market Cap: 520.40
 Current PX: 14.89
 YTD Change(\$): -2.50
 YTD Change(%): -14.376

Bloomberg Estimates - EPS
 Current Quarter: -0.140
 Current Year: -1.150
 Bloomberg Estimates - Sales
 Current Quarter: 0.100
 Current Year: 49.025

Q1 2007 Earnings Call

Participants

- Adam Prior, Senior Account Executive, The Equity Group Inc.
- Robert K. Lifton, Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION SECTION

Good day, everyone, and welcome to the Medis Technologies First Quarter Earnings Conference Call. At this time, I would like to inform you that this conference is being recorded, and that all participants are currently in a listen-only mode. I will now turn the conference over to Adam Prior with Equity Group. Please go ahead, sir.

Adam Prior, Senior Account Executive, The Equity Group Inc.

Thank you. Good morning, everyone, and thanks for joining us. Before we begin, I would like to remind everyone that this conference call may contain forward-looking statements, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify those forward-looking statements by words such as may, will, should, expects, plans, targets, anticipates, believes, estimates, predicts, potential, or continue, or the negative of those words and other comparable words.

These forward-looking statements are subject to risks and uncertainties, product tests, commercialization risks, availability of financing, and results of financing efforts that could cause actual results to differ materially from historical results or those anticipated. Further information regarding these and other risks is detailed from time to time in the company's filings with the SEC. Medis assumes no obligation to update or alter its forward-looking statements made in this conference call or in any periodic report filed by Medis under the Securities and Exchange Act of 1934, whether as a result of new information, future events, or otherwise, except as otherwise required by applicable federal securities laws. I'd now like to turn the call over to Mr. Robert Lifton, Chairman and CEO of Medis Technologies. Go ahead, Bob.

Robert K. Lifton, Chairman and Chief Executive Officer

Thank you, Adam, and good morning, everyone. With me today, as usual, is Howard Weingrow, our Vice Chairman and Chief Operating Officer, and on the phone from Israel are Israel Fisher, our Senior Vice President, Finance, and Chief Financial Officer; and Michael Resnick, our Senior Vice President of Finance and Controller. Jacob Weiss, our President, is en route to a meeting with a major potential customer and could not join us today.

A while ago, I presented our plan on how to start to build a marketing program for our 24/7 Power Pack. One element of that plan was to make Power Packs available to influentials in the world of business and politics in order to get the word out about our product. And we have been carrying out that plan. Our recent presentation of the Power Pack at the United States Senate Technology Conference, and the aftermath of that meeting, which we hope will make Power Packs available to Senators and staff members who want one, is one example of that program. On April 13th, we reported what we considered an historical first sale and shipment of the Power Packs, and we expect that those Power Packs will be placed with people who can also be influential in their experience with it. We will also continue to seek opportunities to make Power Packs available to influentials in the media and elsewhere as time goes on.

A second part of our marketing plan was to start to introduce our Power Packs into the consumer market, consistent with our ability to make them on our semi-automated line in Israel. Yesterday's announcement that the Power Pack is

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being offered on mytreo.net is the start of carrying out that part of our program. As noted in this morning's press release, we expect to expand that program using Power Packs coming off our semi-automated line, and then segue into selling products in much larger numbers coming from our fully-automated line being established in Celestica's facilities in Ireland.

Finally, I will note that we've come a long way in the process of inventing a new fuel cell product, and inventing and developing the means of producing it in large scale. Now, it is finally being offered for sale to the consumer market from a highly respected and experienced Internet source. We've overcome enormous obstacles to reach this point. Well-known companies far larger than ours have spent millions and millions of dollars trying to make what we made, and they've had no success. We are convinced that there is a great need in the market for a product like this, and during the days and weeks ahead we expect to demonstrate that need through large sales to our customers.

Let me use the analogy of constructing a building. It takes a while to build the foundations, and during that period the passersby really see nothing. But then, suddenly, the building comes out of the ground and is visible, and the space starts to rent up creating earnings. We have built the foundations of developing our 24/7 Power Pack, and of constructing the semi-automated line and fully automated lines to produce it. The Power Pack product is now visible in the market, and we are moving into the rent-up category analogy by starting to sell Power Packs in the marketplace. At every stage along the way, we are increasing the value for our shareholders, and I believe that one way or another we will realize those values that are being created.

Now, let me turn to your questions.

Q&A

Operator

[Operator Instructions]. Our first question comes from Arthur Gray with Carret Asset Management. You may please state your question.

<Q - Arthur Gray>: Bob.

<A - Robert Lifton>: Hi, Arthur.

<Q - Arthur Gray>: I notice that MyTreo is beginning to sell your Power Packs. How many – and there are half a dozen different units that they have. How many different power managements are required to handle all their different devices?

<A - Robert Lifton>: We're selling the Power Packs with one power management system. And I'm not sure what – I think that it's only one connector as well, For the MyTreo product.

<Q - Arthur Gray>: Right. Thank you.

<A - Robert Lifton>: Thank you.

Operator

Our next question comes from the line of Gary Giblen with Goldsmith & Harris.

<Q - Gary Giblen>: Hi, Bob.

<A - Robert Lifton>: Hi, Gary.

<Q - Gary Giblen>: On the – congratulations on your new position.

<A - Robert Lifton>: Thank you very much. I'm very happy about it.

Bloomberg

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<Q - Gary Giblen>: The operational – once the line's operational, you have the qualification, optimization, and re-listing and UL process. So, I mean, what's a rough sense of the timeframe for those processes to take place?

<A - Robert Lifton>: I think that it's probably starting in 2 to 3 months, we'll be starting to rev up in ever larger amounts.

<Q - Gary Giblen>: Okay. And is the packaging line – I mean, was that always a separate process?

<A - Robert Lifton>: That's a separate process, and that will certainly be ready by the time we're ready for packaging and shipping.

<Q - Gary Giblen>: Okay.

<A - Robert Lifton>: As you know, Gary, probably better than anybody, we've been creating additional lines in addition to the fully automated line like the fuel line, like the packaging line, like some other lines that go with the electrode framing and the like, which – all of which are capable not only of handling 1 automated line, but of handling as many as 2 or 3 automated lines. And so, we've made a significant investment in the future in some of these capabilities. The packaging line is one of those, the fuel line is one of those.

<Q - Gary Giblen>: Okay. But what's the timeframe for starting work on the second fully automated line?

<A - Robert Lifton>: We have been pulling together all of the numbers of – Gennadi Finkelshtain and his team have been going around and meeting with our various suppliers, and that's not just Ismeca and not just Celestica, but it's the people who supply for example some of the other products that we need and pulling it all together. The Board meeting we held yesterday was too early for him to present to us all of those numbers in one place, but I'm expecting that at the next Board meeting by the next quarter, we will be able to have a presentation to the Board of all of those numbers. And if it warrants it, we can always call an earlier meeting and take a hard look at what the whole package is. We really want him to be in a position to negotiate furiously with each of these people. And so far, it looks like that program is working and that – the numbers are coming, in many cases, at prices that are better than we would have expected.

<Q - Gary Giblen>: Okay, great. A couple more. The – can you hazard a rough just order of magnitude of how many units you would expect to be produced in '07 off the...

<A - Robert Lifton>: I don't want to give a specific number. I would say it would be well over a million, but I can't – I don't want to say a number because I don't know myself honestly how fast all of these – optimization and all the rest that you outlined will take place. I have to tell all of our shareholders that this is the first time anybody's ever done this. But it's always uncomfortable for me not to be in a position to be able to answer these questions with certitude. But since no one ever did it before, including ourselves, we just don't know all the answers until we do it.

<Q - Gary Giblen>: Sure. Understood. Okay. And then, last one is just simple – should be simple. I'm trying to understand how net interest expense arose for the quarter because there were other capital expenditures driving that or – I mean...

<A - Robert Lifton>: Well, net interest expense, as I understand it, is how they treat the expense.

<A>: It was paid on a preferred.

<A - Robert Lifton>: Yes, it's – the dividend paid on the preferred is called interest.

<Q - Gary Giblen>: Okay. Light bulb went on. Okay. Thanks, Bob.

<A - Robert Lifton>: Thank you, Gary. And again, good luck.

<Q - Gary Giblen>: Thank you.

Operator

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Our next question comes from the line of Foster Green with Coburn and Meredith.

<A - Robert Lifton>: Hi, Foster.

<Q - Foster Green>: Hi, Bob. Just a couple of couple of questions. Can you comment on the status of General Dynamics and also what's going on with Russia, and also the many trips you guys made to China?

<A - Robert Lifton>: Yes. First of all, let me say that my feedback at this point in time is that the customers – the military customers have the product and are experiencing it, and I'm waiting for – I don't want to say yet until we get an official response, but my gut tells me it's going well. With respect to Russia, we have been working with the Russian group. They have submitted an order to us to start their program where our position with respect to countries like this is that we don't want to take any credit risk at all. We want the orders to be accompanied by either LCs or cash, and we're waiting to get that. With respect to China, I am leaving tomorrow for a trip to San Francisco, which contemplates a meeting with – in San Francisco with a very important, highly respected Chinese company with whom we are having serious discussions, although I cannot say what the outcome will be.

<Q - Foster Green>: Thank you, Bob.

Operator

The next question is from the line of Quincy Lee with Sutton Capital. Please go ahead with your question.

<Q>: I have a question regarding the Microsoft press release earlier this month – or last month. How much – what was the – what will the FDA revenue from that sales of Microsoft be? I mean, is it material or what that just – was there any materiality behind that press release?

<A - Robert Lifton>: Let me, I'm glad that you asked that question. First of all, let me say this. We have been instructed by the companies with whom we are dealing unequivocally not to present the number of units that they buy and not to present the amounts of dollars that they pay per unit. That's a basic rule that we are living by, and although it ties our hands to some extent and makes information not as desirable as people would like, that's what they've us to do and that's the rule we'll be living by. Now, Microsoft has commented on that and validated the statement that was made in the press release by saying that it was a small order, which they intend – which has their brand on it, which they intend to give out to people who are – that they want to have this – experience this product. So, I would say, that speaks for itself.

<Q>: Okay. So, they are [inaudible]. Thank you.

Operator

The next question is from the line of Mark Miller with – an independent investor. Please go ahead, sir.

<A - Robert Lifton>: Hey, Mark.

<Q>: Hi, Bob. I'll throw three questions at you just now, and then get back in the queue, later if possible. Cell Kinetics, do you have an idea what's the initial capitalization you're targeting for this when and if they get spun off, and how close might we be to that?

<A - Robert Lifton>: I can't answer the first questions. I will answer the last question and say that in the last – in our last report, we said we would be looking to accomplish that, have our shareholders be aware of the program by the end of this quarter.

<Q>: Okay. And then, next question, regarding Power Pack on airplanes. And it's my understanding you replied to a question from MyTreo on this that you implied that the rulemaking for 49 CFR-175.10, sounds like that's moot. Could you comment on that a little bit?

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<A - Robert Lifton>: Let me comment on the whole subject, and let me say, this is a subject that keeps coming up. And one would think that every single person who has a cell phone only uses it on an airplane, when in truth you can't use it at all on an airplane. So, I think the starting point, I want to say, which I've said again and again, which is that for most of our customer base this is not a significant issue. And interestingly, and the customers that we're dealing with, I won't say it has never come up, but it barely comes up at all. That's not a major issue with them. Now, having said that, let me add 2 points. 1 is that our Power Pack is not hazardous. It contains no materials that are damaging in an airplane context, and there is absolutely no legal or moral or any reason that it should not be able to be brought on an airplane. Secondly, we have completed the UL testing, as you know, and that underscores the point that I'm making about the status of the Power Pack and its safety and the like. And so, we are using that material to present to appropriate authorities to be able to explain to them that there is no reason why the Power Pack can be in any way damaging to an airplane. Now, having said all that, I will add this. Our people, and people, and including the persons from – who did the review on MyTreo.net and elsewhere, have literally carried hundreds and hundreds of Power Packs onto airplanes and have never been stopped.

<Q>: Okay, I'm not surprised. The one thing I would ask is, the letter you sent to the Pipeline and Hazardous Material Safety Administration on the 23rd of August last year, and the response 3 days later, is that still in process? I mean...

<A - Robert Lifton>: That's a different group than we're talking to, frankly, because here we're talking in the United States...

<Q>: Right.

<A - Robert Lifton>: And that is a U.N. group that meets on irregular periods of time, and that letter preceded the UL. So, far as we're concerned, it's moot.

<Q>: Okay. All right. And then, a question about your expenses and like, R&D costs, they're up 2 million, 50%, year-over-year. Do you think that is stabilized going forward, or do you see an increase – more increase as you hit the market?

<A - Robert Lifton>: Mark, that's an excellent question. I think we're going to see some volatility in those costs as we go through the initial process of setting up for our automated line and getting all the people in line to do that, and then I think it will stabilize once we're actually running a line.

<Q>: So, you think it'll stabilize around the level it's at now?

<A - Robert Lifton>: I believe it will, and my own expectation is that the overhead levels will run somewhere, on a stabilized basis, at those ranges.

<Q>: Okay. Both R&D and selling and marketing and G&A, you would give that same answer?

<A - Robert Lifton>: I'd give the same answer, yes.

<Q>: Okay. And then...

<A - Robert Lifton>: I want to make clear that in the next couple of quarters there may be volatility in that because we're allocating to those categories things that have to do with setting up lines, with getting things in place, that once they're in place you don't repeat them.

<Q>: Okay. When you say volatility, then you're saying it may jump up.

<A - Robert Lifton>: It could be up or it could be down a little bit.

<Q>: Okay. And then lastly, regarding...

<A - Robert Lifton>: However, I want to make clear that the nature of the volatility – we're not talking about huge amounts of money here. As you...

<Q>: No, I understand that. I'm just trying to understand – I'm just trying to work on it.

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<A - Robert Lifton>: That's fine. No, I just want to make that clear.

<Q>: Right. And then, power management system, what's your reseller price? Can you share that with us? And what kind of gross margin?

<A - Robert Lifton>: We're – right now, our approach on the power management system is that we're not looking to make a profit on it. So, it's a product which we don't expect the buyers to – I mean, once a buyer buys one, we expect them to use that one continuously, and of course to repeatedly buy Power Packs. So, we want to encourage that process of continuously buying Power Packs, and buying one-time power management. So, at this point in time, the power management systems are – I don't want to put a price on it because I don't know what our people have quoted to different companies that it might...

<Q>: I understand.

<A - Robert Lifton>: But we're not looking to make – it's not a profit area for us, no. We are – and let me use this opportunity, because I have so many of you on the line, to say that by the end of this month we expect to introduce a super power management system, which we'll be providing more details on. And it will, I think, add to the present power management system another whole dimension as well. And I'm very excited about that.

<Q>: Any more idea what that's all about?

<A - Robert Lifton>: No. Wait and hold your breath.

<Q>: Okay. All right, I'll get back in the queue. If there's time, I might have some more.

<A - Robert Lifton>: Okay. Thank you, Mark.

Operator

Our next question comes from the line of Tom Leach with Preakness Hills Capital.

<Q - Thomas Leach>: Yes. Good morning, gentlemen. A couple of questions on working capital and stuff like that. Can you estimate how many dollars of working capital you're going to need per Power Pack, and the cash cycle we're going to see on that?

<A - Robert Lifton>: No. We have now, as you saw on the statement, we have approximately \$69 million of working capital – I'm sorry, \$64 million of working capital. And we – I think it'll carry us through the system as we're moving forward. If we need working capital, it will be because we have receivables or inventory, and in that case we would be looking for our banks to provide bank lines for that kind of thing or some bridging or financing. We don't think it will affect any dilution to shareholders.

<Q - Thomas Leach>: No, my question is very specific here, Bob. How many dollars of inventory are you going to need per Power Pack?

<A - Robert Lifton>: We don't know yet.

<Q - Thomas Leach>: How many dollars of accounts receivable will you need per Power Pack?

<A - Robert Lifton>: I don't know.

<Q - Thomas Leach>: Okay. What do we expect on the gross margin on the semi-automated line? Your announcement with the Treo folks, they said, it was coming off the semi-automatic line and I assume...

<A - Robert Lifton>: We're not giving out that information.

<Q - Thomas Leach>: Okay. What's your gross margin on the automated line expected to be?

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<A - Robert Lifton>: Our ultimate gross margin on the automated line, when we're running at 1.5 million units per month fully operational, is about \$4.

<Q - Thomas Leach>: \$4 on how many – on what sales, what percentage do you rate them after?

<A - Robert Lifton>: When the line is running fully operational at 1.5 million units per month.

<Q - Thomas Leach>: \$4.00 per unit.

<A - Robert Lifton>: Yes.

<Q - Thomas Leach>: And what is your selling price fee? I'm trying to get to the percentage gross margin.

<A - Robert Lifton>: In that case, our selling price is \$9.00.

<Q - Thomas Leach>: So, you're saying 4 on 9?

<A - Robert Lifton>: Yes.

<Q - Thomas Leach>: That's a lot different from the last call, Bob.

<A - Robert Lifton>: That's not true.

<Q - Thomas Leach>: You said it was 3 on 12. I have 33% in my head of what it was gross...

<A - Robert Lifton>: Oh, so then I think you'll have to readjust your head.

<Q - Thomas Leach>: Okay, well that was what you had told us last time around. Then, on the Power Pack itself, I have a couple questions for...

<A - Robert Lifton>: Oh, you're talking about the – well okay, when you thinking 12, you're talking about with the power management. I'm talking about the Power Pack alone.

<Q - Thomas Leach>: Okay. And a couple of questions on the Power Pack itself. On the last call, I had asked for a datasheet or a spec sheet, and you said you were going to put it on the website, and I didn't see anything. I have a couple of specific questions from somebody who does some work for me. If you could, somebody technical can answer them there. I need to know the open circuit...

<A - Robert Lifton>: Well, you know what I'll have to do? Unfortunately, the technical people are not on the phone and are actually moving on the same meeting that Jacob Weiss is. So, I would like...

<Q - Thomas Leach>: Are you going to put a datasheet on the Web?

<A - Robert Lifton>: I would like to defer that, but if you would do me a favor, I would appreciate it very much if you would send me your questions, and I will not only try to answer you directly, but try to answer it through the Web.

<Q - Thomas Leach>: Will there be a datasheet on the Web, Bob?

<A - Robert Lifton>: I don't know. Our customers have datasheets. Our customers have all the things they need.

<Q - Thomas Leach>: Okay, thank you.

<A - Robert Lifton>: Thank you.

Operator

Our next question comes from the line of Mark Driscoll, a private investor.

<Q>: Hi, Bob.

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<A - Robert Lifton>: Yes, sir.

<Q>: I know you are in the midst of launching your first product, but I was hoping you could give us a little status on your research efforts in trying to increase the energy densities of the product, and sort of how you see that playing out with the form factor of future generations of Power Pack.

<A - Robert Lifton>: Well, I think it's important, and you've opened an important level of discussion, so let me talk about it on a step basis. First of all, the Power Pack that we now have, with the power management that we now have finally getting from our power management supplier of chips – the appropriate chips, and the product that we'll be talking about by the end of this month, I think are just dynamite products. I think that they put everything else in the market in second place and that nothing can compare to them in terms of satisfying the customers' need for power that runs continuously, that handles all the different kinds of devices. We are, of course – and I have said publicly that we are developing a power approach for a laptop product based on the devices that we dealt with for general dynamics, and that's been put out into the marketplace, and we are having discussions with certain companies about their interest in joining with us in developing that product for the laptop market. We've also indicated a power approach for a product that would be a 1 to 2-kilowatt product that would be a standby product for the home or office when they're off-grid. The product for the laptop, the product for the home and office, and one other product, which I will mention right now, which I think can have increasing significance, and that is the product – the 800-watt product which we're making for General Dynamics for UAV use, all have cartridges as opposed to the Power Pack which – where the cartridge in effect is inside the Power Pack. So, those are cartridge products that we will be – that we have the opportunity to develop. In the case of General Dynamics, as you know, they gave us \$400,000 as a first stage of development, and now we are presenting – have already presented or are presenting to them what the product will look like, and they have to make a decision whether to continue that development program with us by putting up more money. And in the case of the laptop, as I said, we're dealing with companies that are showing a real interest in joining with us on it, and that's true, but to a lesser extent so far on the larger-scale power system for home and office.

<Q>: And Bob, one other item. You mentioned – I know last year there was an announcement that you had a – I think a joint venture with a company that sort of specializes in gels. Has there been any progress on that front?

<A - Robert Lifton>: Very much so. Boy, you're terrific. You've got a great memory. The product that we're making for General Dynamics for the UAVs is a joint product with that company, Oy Hydrocell.

<A - Robert Lifton>: Bob, I think it's called Israel Aircraft Industries.

<A - Robert Lifton>: Did I say General Dynamics? I'm sorry. Israel Aircraft Industries. Thank you, Israel. For the UAVs, it's a joint product with that company. So, we are very much working with them. Next question? Hello?

Operator

Your next question comes from the line of Jesse Herrick with Merriman.

<Q - Jesse Herrick>: Hey. How's it going, guys?

<A - Robert Lifton>: Jesse, hi.

<Q - Jesse Herrick>: Just had a quick question on the – I know you're not talking about specific volumes to Microsoft, but the press release did say the first shipment of Microsoft.

<A - Robert Lifton>: Yes.

<Q - Jesse Herrick>: I was just wondering...

<A - Robert Lifton>: Our first shipment, yes.

<Q - Jesse Herrick>: What – I know you're not talking to specific units, but are there multiple – is this going to be in multiple shipments to come to whatever total you are shipping, and is that going to be spread over several quarters or is

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that all going to be...

<A - Robert Lifton>: What the press release talked about the fact that it was our first shipment of a product.

<Q - Jesse Herrick>: Right. Yes, exactly. But is that going to be spread over several quarters, or is that just...

<A - Robert Lifton>: I don't want to go into any further details on that whole discussion.

<Q - Jesse Herrick>: Okay. Just trying to get a little bit of an idea of what kind of revenues we could potentially be seeing.

<A - Robert Lifton>: Well, we will be showing booking revenues from anything that we sell as we sell it, and then when you – you'll be able to look at the report.

<Q - Jesse Herrick>: All right. Fair enough.

<A - Robert Lifton>: Thank you.

Operator

Our next question comes from the line of Robert Linder, shareholder.

<Q>: Hi. Good morning, Robert.

<A - Robert Lifton>: Bob, how you doing?

<Q>: Good. I know you realize that 70% of the float or more is short our stock, and when you put on announcements – I came on late, so you may have answered this already. I know when you put out announcements, as you know, they're magnified and scrutinized by those that wish our stock to fall. When you put out an announcement like Microsoft, I mean that was really a good announcement. I mean, here we are dealing with one of the, well the biggest companies – one of the biggest companies in the world. I don't know how you want to talk about it or what you've said about, and I'm sure there's a lot of things you can't say about it. But I mean, was there anything bad in that announcement that you saw?

<A - Robert Lifton>: I'm very frank to say that both in terms of that announcement, which I thought was a very important announcement from our point of view as a company because it was the first shipment of a product for sale that we have made. In fact, I have to share with you – with all of you on the phone that it was so exciting for us that Michelle Rush actually took pictures of the assembly and shipping of that product so we would have it for a historical moment in our lives. I thought that was – frankly, I thought that was a very important statement about the status of our product that we now had a product that was going into the world of people seeing it and experiencing it, and people putting their brand on it, and people paying for it, and us shipping it. So, I thought that was an important announcement.

I also thought that – frankly, that the announcement that we had a product on mytreo.net, the first time anyone in history has had a fuel cell product for offer to the consumer market in broad base. I thought that too was a significant announcement, and one, which I thought, was an another important stepping stone in our company's history and in the movement where we are going and the directions we are going. So, to answer your question, I thought both of those were very significant and affirmative announcements from our company's point of view.

<Q>: Okay, thanks. So, did I. Thank you.

Operator

Our next question comes from the line of Otis Bradley with Gilford Securities.

<A - Robert Lifton>: Hi, Otis.

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<Q - Otis Bradley>: Morning, Bob. What is the \$6.6 million restricted cash item on the balance sheet?

<A - Robert Lifton>: The \$6.6 million restricted...

<A>: That's security for an LC. But it's in current – it's a current item since – I think it's got about ten months till that's freed-up. Is that correct, Michael?

<A - Michael Resnick>: That is pretty much correct.

<A - Robert Lifton>: In other words, in some cases, we have ordered product from companies and put up an LC as security for the delivery – for our payment of that product, and as they deliver the product the LC is released. And we expect that that LC will be released in somewhere around 10.5 months.

<Q - Otis Bradley>: Does that have to do with these [inaudible] payment?

<A - Robert Lifton>: No. These are other things that go into the product.

<Q - Otis Bradley>: Okay. Thank you.

<A - Robert Lifton>: You're welcome.

Operator

Our next question comes from the line of Andrew Bose with High Valley Capital.

<Q - Andrew Bose>: Hi, how are you doing? I'm just trying to understand the IP that you've put into the manufacturing lines . How long have you been working on this? There seems to be some real value there. How long have you been working on the...

<A - Robert Lifton>: We started – I think it was in the year 2000 when we first acquired the then very nascent IP that was developed by Gennadi Finkelshtain who of course, as you know, is our CTO and the leader of our whole program of development of this product. In that year, amazingly when you stop to think of it – in that year we spent I think something like \$200,000 towards the development of that IP, and then realized that what we had was something extremely important and unique, and started obviously to support it more and more fully as time went on to the point where now we sit with the only fuel cell product that has been put in the consumer market after, as I've pointed out, major companies have spent hundreds of millions of dollars trying to do the same thing.

And let me take a second here, if you don't mind, to explain what this IP is about because I think people don't understand it. The traditional way of making fuel cells for small, portable devices was based on using methanol as the fuel and a proton exchange membrane to separate out the two electrodes. That's the way that was developed at Los Alamos Laboratories and that's the way that most of the world has been trying to develop so far without having a consumer product on the market. It's led – it's had its own problems of cost, of heat, of size, weight, etcetera, etcetera.

Another way that people have tried to develop a fuel cell has been to take sodium borohydride and break it up into hydrogen and then use the hydrogen in the fuel cell, and some companies have tried that and so far nobody who has tried that approach has developed a product that has come onto the marketplace. The way that most of the world thought could not be done, the way that people felt was a direction that was unsuccessful to pursue was to directly oxidize the fuel on the anode and that is the way that Gennadi Finkelshtain invented the fuel cell that we use; and because nobody in the world went in that direction. We had the opportunity to file patents and cover every single aspect of that approach because we were unique in taking that approach. And that approach has led us to have a product, which as you point out, has an enormously important IP value, both in terms of the Power Pack and also as a platform technology for development of all the other products.

When I talk about the value of this company, I look at this company as a company that not only has this Power Pack, which I think has very significant earning power and earning capacity and you build it to fill needs, but also the other

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technologies that come out of this platform, the other – the products and the other developments that come out of this platform technology that we uniquely have developed and uniquely have because we're the only people who went in that direction and have covered this with patents and trade secrets in every way. I'm sorry for the elaborate answer, but it gives me an opportunity to talk to some 100 of you at one time and tell you what's happening.

<Q - Andrew Bose>: Yes, clearly you're very proud of your IP in this and it's taken 7 plus years, so you must have a really good understanding of what it takes to get this thing on line and give confidence that this year something will happen, but then how could it be that you can't give out numbers as far as dollars of inventory needed for Pack, dollars of working capital for accounts receivable, I mean clearly the margins are critical and you're quoting margins and volumes...

<A - Robert Lifton>: Because we're waiting to get the orders in and then as we get the orders in and then fill in those orders with the – what we produce on our line, then we'll have a much better picture of what the needs are for inventory and what the needs are for working capital. Until you have orders – I imagine even you know this, until you have orders, you don't have the knowledge of what your working capital and your inventory is.

<Q - Andrew Bose>: But you've published about – I don't know how many press releases about orders. I mean that's...

<A - Robert Lifton>: Yes, those are the orders we talked about that we're looking to get. I've made it clear time and again that those are orders that we're seeking to get from our potential customers, and obviously as soon as we have that information we can then translate that into what the requirements are for working capital and for inventory.

<Q - Andrew Bose>: But the press releases aren't potential customers, they list customer names with quantities and say they're non-cancelable, so you have all the information needed to understand what the margins are. Unless those orders aren't...

<A - Robert Lifton>: Are you talking about the orders from our distributors?

<Q - Andrew Bose>: Yes, those are...

<A - Robert Lifton>: Oh, well sure, those are firm orders, but those are nowhere near the orders that we're talking about getting from – that we expect to get for this line. But that's why – the difference between those orders and what we're hoping to get is enormous difference.

<Q - Andrew Bose>: How much volume's in the fuel cell pack, how much volume of liquids?

<A - Robert Lifton>: Less than the amount required on an airplane.

<Q - Andrew Bose>: Okay. Well, anyway, we'd surely appreciate some more details on the cost of goods [inaudible] the margins.

<A - Robert Lifton>: We will be – as soon as we have it, we will be happy to share it with you.

<Q - Andrew Bose>: Thank you.

<A - Robert Lifton>: Thank you.

Operator

Our next question comes from the line of Brian [inaudible] with First New York Securities.

<A - Robert Lifton>: Hi, Brian.

<Q>: Good afternoon. I've somewhat of a question about the factory in Ireland. I was wondering if you could get into a little more detail about what's happening in June and who's going to be there, who's expressed interest in being there. And then, secondarily, as that ramps up, is it a chicken or an egg situation regarding orders and production? I'm inferring from the past comments that the production will start immediately and then the product will await the orders,

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but...

<A - Robert Lifton>: Right. Yes, that's a good question, Brian. First of all, on June 28th, we have invited a number of customers, a number of large shareholders, a number of friends, a number of people who are just friends of the family, to Ireland – to Galway, Ireland, and to see that line in place in Celestica's facilities. It will be an opportunity for all of us – and that includes me, by the way, and my wife – for all of us to see the line in its place. I've seen pictures of the line, I've seen pictures of the place in Galway where it's going to be. It's a beautiful facility and it will be an opportunity to see the line in place and operating. And that will be the first time that that line will have been put all together in one place in the place that it's going to be living and in operation. So, that's the first point. Now, we have – at this point in time, as we start to ramp up that line, we have orders that will use up the capability of that line in its first few months. And so, to answer your question, and this is part of the answer to the prior question, as more orders come in, we'll have a much better picture of how much more we have through inventory and how much more we have – we'll have in the way of working capital requirements.

<Q>: Excellent. So, is it fair to say – it seems like you guys have proven you have a working product now, you've proven that it can be retailed now with the announcement yesterday. It seems to me this is just like a huge development in June because now you'll – by June, we're going to have a date where you guys are going to prove for a fact that you can mass produce it. But the only thing left is the orders, and you have a complete business cycle here with this fuel cell product. It seems like June is just huge for the company.

<A - Robert Lifton>: Well, I think it is. I think that's why we want the people to actually see it. Brian, we've gone through a process in our lives and so many of you have gone through it with us in which at every stage of the way people have been naysayers. When we first developed the fuel cell, people said, it couldn't be done, nobody in the world could do it, and then we did it. Then they said it's too big. Those of you may remember when we had the initial fuel cell, then they said oh well, okay, it's not the – but there's no orientation. But now that some of you have seen us throw it up, back down, and in the air, and of course it meets all of the military spec requirements, so we've rendered the orientation. Then, they said we're that we're going to run out of capital and then of course we did all of the financing of last year. Then they said, you can't make it, and you're point is well made and now we're going to show them that the line is fully up and running and capable of making the product. And I don't know what they'll say next, but I am sure they will think of something. But each time they think of something, we will prove that we have an answer to it, and step by step, as I said, we are creating what I consider to be huge values in this company, which we will realize one way or the other.

<Q>: Thank you.

Operator

The next question is a follow up question from Gary Giblen with Goldsmith & Harris.

<Q - Gary Giblen>: Yes, hi. I was just wondering what kind of product features beyond packaging are customers seeking differentiation on, and are these minor or major undertakings for Medis to provide?

<A - Robert Lifton>: I always love talking to you, Gary, because you always go right to the heart of the issue.

<Q - Gary Giblen>: Thank you.

<A - Robert Lifton>: Some of the – and you're referring of course to my statement in the press release that one of the things that we've been holding up is with customers who want differentiation of product. There are customers that we're – potential customers, I want to make it very clear what we're saying, there are potential customers that we're dealing with who are interested in putting this product out with their brand on it as their product, not as a Medis product, but as their product. And what they're talking to us about is some way of differentiating its appearance from a Medis product, but of course we don't want to do that at any significant additional expensive tooling. So, we are working with them to try to figure out a way if we can satisfy their desire to make this a different product. Let me give you an example. If the cover of the product was a different shape, for example, that would be a differentiation. Perhaps the different colors

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would be a differentiation. So – but in this particular case, what they are looking for is something that distinguishes their product from the Medis product.

<Q - Gary Giblen>: Okay. I mean, those things being small engineering.

<A - Robert Lifton>: Well, depending on how much you have to differentiate.

<Q - Gary Giblen>: So, it's more exterior...

<A - Robert Lifton>: If it's only colors, then it's very simple.

<Q - Gary Giblen>: But I mean, is it a look-and-feel thing?

<A - Robert Lifton>: It's not. Let me makes this clear, Gary, and I'm glad you asked the question. It has nothing to do with the technology. It has to do with the appearance of the product.

<Q - Gary Giblen>: Okay. Well, that's good. Okay, and then I was just wondering, could you give us color on how the Treo order of yesterday was – how did that come into the fold? Was it from a trade show? Was it from the sale of going on the road? In other words, what was the history of the Treo.net order?

<A - Robert Lifton>: I think that at one of the trade shows I think the Treo people met with both Michelle and Andrew Hughes and expressed a great interest in the product, and slowly as with the product – as we were able to show them the product and then they tested the product and then they were very pleased with the test and then of course gave us the order that started this whole process and their desire to put it on their website.

<Q - Gary Giblen>: So, they sort of approached you...

<A - Robert Lifton>: One of the things that has happened at these trade shows, which we have been very grateful for is that again and again we have met people at these shows who have eventuated in serious discussions with us about being significant customer relationships. So, it shows that they go for us because I think that we have been showing a unique product that people know they need and it has given us an opportunity to present there.

<Q - Gary Giblen>: Okay. That is helpful. Thank you.

Operator

Our next question is follow-up question from Mark Miller, an independent investor.

<Q>: Hi, again. I will just throw some quick ones I hope. Your D&O insurance, is that sufficient to handle the class action suit? Who will take the lead in your defense, your own law firm or your insurers?

<A - Robert Lifton>: Let me say the following. I don't want to discuss any details of the so-called lawsuit. First of all, we have not been served yet. We did make an announcement saying that we felt that the suit as described on the Internet site was not – had no merit, and we certainly feel comfortable in our financial position, which you are asking about vis-à-vis our insurance and the amount of the insurance that we have, but I don't want to go into any further details about the lawsuit.

<Q>: I can understand that. Okay, two, I've a follow-up on Cell Kinetics. Would you talk a little bit about – you have mentioned earlier that you want to market the grid. Dr. Ben-Arye said that – it is my understanding he believes that there is value in marketing the grid as a machine, could you elaborate on that a little bit for us please?

<A - Robert Lifton>: Yes, the – when we started the CellScan, it was started around a basic concept and that was the expectation, opportunity to use it to detect – for early detection of breast cancer. That was really the focus of the CellScan. That is frankly why we got involved in it in the first place, both from a business point of view and an emotional point of view, and we tried mightily to do that with some amount of success, but not the success that we felt was necessary to be able to bring it to the market. From that point on, we also worked on issues of prostate cancer and other illnesses using the CellScan and the grids to look at the particular lymphocyte cells that we were looking at.

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When Dr. Ben-Arye came onboard, he brought with him a different point of view, which is that if we could develop the grid so that it could be used on other instruments that are already in existence in laboratories throughout the world, they would not have to make the capital investments in the CellScan itself in order to take advantage of the grid. So, in affect, what we are talking about was eliminating the razor and just selling the razor blades to guys who had a whole lot of razors. And that is the approach that has been taken now in Cell Kinetics under his [inaudible] and the development of a grid that allows the opportunity to look at a cell over a considerable period of time, longer as I understand it than any other way that you could look at a cell, and particularly to look at rare cells, for example, those stem cells that are seen as the cells that cause cancer. There is a point of view in the world that you can kill all of the cancer cells you want, but if there are those stem cells still there that are capable of creating the cancer and if you can't identify them and kill them, then the cancer is going to recur. And so, one of the important elements in these CellScan grid is the ability to single out rare cells or difficult cells to find and be able to manipulate those cells and address those cells in some way. And so, the focus now of cell kinetics is on the grid rather than the CellScan.

<Q>: So, is this grid – is this something that would be a continual sale into, say, a hospital, in an oncology department?

<A - Robert Lifton>: Or in research laboratories all over the world or drug companies that are looking to develop drugs, because one of the things – once you can find the rare cell, then you can find a way to try to attack the rare cell.

<Q>: Is this just a research tool, or, is this a diagnostic tool that will go through hospitals?

<A - Robert Lifton>: It has the opportunity to provide information of all different levels to all different kinds of people depending on – all of it relating to the ability to look at individual cells over a period of time.

<Q>: Okay. And would it generate recurring revenue from customers? In other words...

<A - Robert Lifton>: That is the objective.

<Q>: So, consumables that you would be marketing?

<A - Robert Lifton>: The consumable, that is correct. That is a very well – that is very well put. It is the consumable that would allow us to sell it repeatedly to those people who are interested in buying it for the various uses that I outlined.

<Q>: Okay. Changing track one more time, I will throw this out there. If you don't want to get into it that is fine, but digging into history, why did you not bring the refuelable to market? I understand you had a prototype ready to go, what happened, and why didn't that come to the market? And – could you address that?

<A - Robert Lifton>: Yes, and this goes I think to the question of people have said that it has taken longer than we had hoped to be able to get a product to the market. The first product we developed, as you pointed out, was a product with a cartridge. When we went to the potential customers that we were talking about, retail stores, convenient stores, other stores, and told them that we had a product with a cartridge, their basic attitude was a chicken-and-egg attitude, which is, fine, we won't sell your basic product, your fuel cell, unless cartridges are available throughout the world, but we are not going to carry the cartridges in our inventory until you have fuel cells throughout the world. And so, that was a real disappointment to us frankly. And we came back home and started to say, well, what is the solution, and the solution was to create a fuel cell product with the cartridges inside it, so you don't have to carry another SKU and you don't have to get – you are not dependent on people carrying the cartridge, so that your customer could get it anywhere in the world. And the key to that – the very key to that, which I think is an enormous achievement and people don't – some don't fully recognize it, and I would say this when we talked about our IP before, was to bring in a price that was low enough, so that it could be disposable and still give you enough hours of use to make it worthwhile.

<Q>: Okay. Well, then you talked about this being a green product and you've mentioned a recycling program on the mytreo web and your response to them. You quoted, batteries have lead in them, but could you talk about just how you're going to recycle these? I mean...

Bloomberg

Company Name: Medis Technologies
 Company Ticker: MDTL US
 Date: 2007-05-09
 Event Description: Q1 2007 Earnings Call

Market Cap: 520.40
 Current PX: 14.89
 YTD Change(\$): -2.50
 YTD Change(%): -14.376

Bloomberg Estimates - EPS
 Current Quarter: -0.140
 Current Year: -1.150
 Bloomberg Estimates - Sales
 Current Quarter: 0.100
 Current Year: 49.025

<A - Robert Lifton>: We have – first of all, let me talk about why we think it's a much greener product, because batteries has deleterious materials in them that we don't have, that damage the Mother Earth, and we're proud to say that we don't have those minerals in our product at all. We have arranged for recycling programs with recyclers. We already are in that position to provide that. We recognize that that's going to be required in particularly United States and in Europe, and maybe some other parts of the world, and so that we will provide with the product a prepaid postage bag for customers to send in the spent fuel cells for recycling.

<Q>: Okay. So, basically, a contractor will take these in and...

<A - Robert Lifton>: We already have two contractors who will handle that for us.

<Q>: Okay, good enough. Thank you.

<A - Robert Lifton>: You're welcome.

Operator

Our next question comes from the line of Charles Moni with Jesup & Lamont.

<A - Robert Lifton>: Hi, Chuck. How are you doing?

<Q - Charles Moni>: Just a quick question. Are you now confident that both the Power Packs and the power management work consistently with what you've promised to the consumer? And I'm really speaking on number of hours that they can depend on back-up power.

<A - Robert Lifton>: Yes, we believe – and we would not have put the product out with MyTreo, we believe that the consumer will be very pleased with what they get from the Power Pack and the power management that we're now delivering.

<Q - Charles Moni>: Okay, thank you.

<A - Robert Lifton>: You're welcome.

Operator

Our next question is a follow-up question from the line of Arthur Gray with Carret Asset Management.

<Q - Arthur Gray>: Bob, going back to the chicken-and-the-egg, you said long ago, I remember, that you weren't going to get any firm orders until you could get a firm – give a firm delivery date. Is – knowing your customers – your potential customers now, do you feel that you have to be actually full running at a million and a half a month before you can give a delivery date?

<A - Robert Lifton>: No, I think – that's a good question, Arthur. I think that what we're doing with these customers now is letting them know that we're frankly on allocation, and if they want to get product in the near future from the product that we're able to make, they have to start stepping up to the plate now.

<Q - Arthur Gray>: Okay.

<A - Robert Lifton>: Operator, I will take one more question if there is one, and if not I think we can...

Operator

Okay, sir. There are no further questions at this time.

Bloomberg

Company Name: Medis Technologies
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 Current Quarter: 0.100
 Current Year: 49.025

Robert K. Lifton, Chairman and Chief Executive Officer

Well, then, perfect timing. Thank you all very much for your attention and participation, and we'll talk again soon.

Operator

Ladies and gentlemen, this concludes our conference call for today. Thank you for participating, and have a nice day. We ask that you now disconnect your line.

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EXHIBIT 8

[Federal Register: April 19, 2007 (Volume 72, Number 75)]

[Notices]

[Page 19754-19755]

From the Federal Register Online via GPO Access [wais.access.gpo.gov]
[DOCID:fr19ap07-73]

DEPARTMENT OF TRANSPORTATION

Pipeline and Hazardous Materials Safety Administration

Office of Hazardous Materials Safety; Notice of Application for
Special Permits

AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA),
DOT.

ACTION: List of Applications for Special Permits.

SUMMARY: In accordance with the procedures governing the application for, and the processing of, special permits from the Department of Transportation's Hazardous Material Regulations (49 CFR Part 107, subpart B), notice is hereby given that the Office of Hazardous Materials Safety has received the application described herein. Each mode of transportation for which a particular special permit is requested is indicated by a number in the "Nature of Application" portion of the table below as follows: 1--Motor vehicle, 2--Rail freight, 3--Cargo vessel,

[(Page 19755)]

4--Cargo aircraft only, 5--Passenger-carrying aircraft.

DATES: Comments must be received on or before May 21, 2007.

Address Comments to:
Record Center, Pipeline and Hazardous Materials Safety
Administration, U.S. Department of Transportation, Washington, DC

20590. Comments should refer to the application number and be submitted in triplicate. If confirmation of receipt of comments is desired, include a self-addressed stamped postcard showing the special permit number.

FOR FURTHER INFORMATION CONTACT: Copies of the applications are available for inspection in the Records Center, Nassif Building, 400 7th Street SW., Washington, DC or at <http://dns.dot.gov>.

This notice of receipt of applications for special permit is published in accordance with Part 107 of the Federal hazardous materials transportation law (49 U.S.C. 5117(b); 49 CFR 1.53(b)).

Issued in Washington, DC, on April 12, 2007.
Delmar Billings,
Director, Special Permits & Approvals Programs, Office of Hazardous Materials, Special Permits & Approvals.

New Special Permits

Application number	Docket number	Applicant	Regulation(s) affected	Nature of special permits thereof
14487-N.....	Osmose Inc. Millington, TN.	49 CFR 173.212.....	To authorize the one-way transportation in commerce of Arsenic trioxide, Division 6.1, PG II in non-DOT specification drums. (mode 1)
14492-N.....	Tankbow Rootselaar B.V. The Netherlands.	49 CFR 178.276(a)(1) and (a)(2).	To authorize the manufacture, mark, sale and use of non-DOT specifications portable tanks conforming with the 2004 edition (+2005 Addenda) of Section VIII, Division 1 of the ASME Code for the transportation in commerce of certain Division 2.1 and 2.2 hazardous materials. (modes 1, 2, 3)
14493-N.....	Thermacore, Inc. Lancaster, PA.	49 CFR 173.306(e).....	To authorize the transportation in commerce of non-DOT specification containers (heat pipes) containing anhydrous ammonia for use in specialty cooling applications (modes 1, 2, 3, 4)
14494-N.....	Airgas, Inc. Cheyenne, WY.	49 CFR 172.202, 172.301(a), and 172.301(c).	To authorize the transportation in commerce of cylinders that are marked with obsolete proper shipping descriptions to allow for their return. (modes 1, 2, 3, 4, 5)

14495-N.....	GE Healthcare Arlington Heights, IL.	49 CFR 173.302(a), 175.3	To authorize the transportation in commerce of a Division 2.2 gas in a non-DOT specification Cylinder (modes 1, 4)
14496-N.....	Oilphase Division, Schlumberger Eval. & Production (UK) Ltd. Dyce, Aberdeen, UK.	49 CFR 173.201(c), 173.202(c), 173.203(c), 172.301(f), 173.302(a), 173.304(d), 175.3.	To authorize the manufacture, marking, sale and use of non-DOT specifications cylinders similar to a DOT 3A for the transportation of Division 2.1 and 2.3 gases. (modes 1, 2, 3, 4)
14499-N.....	Optimus International...	49 CFR 173.304a(d) (3) (ii) AB.	To authorize the manufacture, marking, sale and use of non-DOT specification, nonrefillable inside containers similar to DOT-2P for certain Division 2.1 flammable gases. (modes 1, 2, 3, 4)
14500-N.....	Northwest Respiratory Services St. Paul, MN.	49 CFR 172.203(a); 177.834(h).	To authorize the loading and unloading of DOT 4L cylinders without unloading them from a vehicle. (mode 1)
14504-N.....	Medis Technologies Ltd. New York, NY.	49 CFR 175.10(a)	To authorize passengers and crewmembers on aircraft to carry on baggage containing micro fuel cell systems with a small quantity of sodium/potassium borohydride solution, a Class 8, PG II liquid and a small quantity of potassium hydroxide electrolyte solution, a Class 8, PG II liquid. (mode 5)

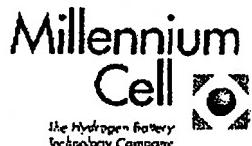
[FR Doc. 07-1931 Filed 4-18-07; 8:45 am]

BILLING CODE 4909-60-M

EXHIBIT 9

P-1483

41460cp

The Hydrogen Battery
Technology Company

August 23, 2006

Dr. Robert A. McGuire
 Associate Administrator for Hazardous Materials Safety
 Pipeline & Hazardous Materials Safety Administration
 U.S. Department of Transportation
 Washington, DC 20590

PHMSA - 2006 - 25899-1

Re: Petition for rulemaking; 49 CFR 175.10

Dear Dr. McGuire:

As representatives of the undersigned companies, we hereby petition the Pipeline and Hazardous Materials Safety Administration, under the provisions of 49 CFR Part 106 for an amendment to 49 CFR 175.10(a) to permit the traveling public to carry Class 8 borohydride composition fuel cell cartridges onboard passenger aircraft in carry-on baggage. The development of fuel cell technology supports the President's policy of the United States becoming more energy independent. The request in this petition supports the President's policy. Our proposed revision to the Hazardous Materials Regulations builds on a petition submitted by the US Fuel Cell Council (USFCC) on March 2, 2006. Our proposed revisions to the USFCC proposed text and a copy of the USFCC petition letter are attached.

Our petition is based on an internationally agreed amendment to the International Civil Aviation Organization (ICAO) Technical Instruction on the Safe Transport of Dangerous Goods by Air (ICAO TI) that will allow passengers worldwide to carry certain types (i.e., those fueled by flammable liquid, formic acid and butane) of fuel cell cartridges aboard aircraft. The new ICAO provision will become effective throughout the world on 1 January 2007. A change to the HMR is necessary to afford the US traveling public the same possibility. This change is expected to be introduced in an upcoming regulation docketed as HM-215I, which will harmonize the Hazardous Materials Regulations with international regulations. Our petition is to permit Class 8 borohydride composition fuel cell cartridges and systems in addition to the fuel types allowed by the 2007-08 ICAO TI.

Unfortunately, the ICAO amendment, while permitting formic acid fuel cell cartridges and fuel cell systems to be brought onboard aircraft by passengers, does not provide for Class 8 borohydride composition fuel cell cartridges and systems even though the two fuels pose the same level of risk. Both formic acid and selected borohydride compositions are classified as corrosive materials with a danger level of Packing Group II under the HMR. While we appreciate that the ICAO Dangerous Goods Panel (ICAO DGP) was working under time constraints, we believe a review of the Panel's

meeting report (section 2.11 of DGP/20-WP/93) shows that the Panel's decision to allow formic acid fuel cell cartridges and systems while not allowing Class 8 borohydride composition cartridges and systems was not based on safety and was arbitrary as that term is used in the Administrative Procedures Act. In this petition we are seeking to right what we believe was an inappropriate decision by the Panel.

Leading up to the ICAO DGP, we as individual companies and through the USFCC worked with DOT to familiarize DOT personnel with a USFCC proposal to amend the ICAO TI to permit passengers to bring fuel cell cartridges of all types onboard passenger aircraft. In support of the effort, white paper safety analyses comprehensively evaluating each fuel cell type, including borohydride composition cartridges and systems, were provided. In preparation for the ICAO DGP meeting, PHMSA, at its October 5, 2005 public meeting (FR 56869), advised meeting participants that PHMSA technical personnel had reviewed safety analyses for all fuel types (including borohydride composition systems) covered in the USFCC proposal, and on the basis of their evaluation supported the USFCC proposal in its entirety. In the light of these statements and in the absence of information to the contrary, we assume that PHMSA still considers borohydride composition fuel cell cartridges and systems to be safe for use onboard passenger aircraft.

While providing no safety basis for the decision to not allow borohydride composition cartridges to be carried by passengers, the ICAO Panel recommended that the industry request that the United Nations Sub-Committee of Experts on the Transport of Dangerous Goods (UNSCETDG) allocate (see ICAO DGP 20 report, Para 2.11.9) UN numbers to cartridges containing borohydrides or, provide a generic fuel cell UN number. As a result, a paper prepared jointly by PHMSA and the expert from France was submitted to the twenty-ninth session of the UNSCETDG held from 3 to 12 July 2006. This led to the adoption by the UNSCETDG of a new entry covering fuel cell cartridges and systems containing corrosive substances (including borohydride compositions and formic acid). It is important to note that the PHMSA proposal as adopted by the UNSCETDG applies identical requirements to formic acid and borohydride composition fuel cell cartridges and systems. This again affirms our understanding that PHMSA considers that these two types are comparable in risk. The decision to provide a United Nation's entry covering borohydride composition cartridges and systems resolves the only articulated ICAO DGP concern with respect to allowing passengers to carry borohydride composition cartridges and systems.

In conclusion, it is important that borohydride composition fuel cell cartridges be authorized for use by passengers consistent with the ICAO decision for other fuel cell cartridges and systems. Borohydride composition systems meet an equivalent level of safety. Under the proposal in this petition they will be subject to the same rigorous safety requirements as other types. Borohydride fuel cells will soon be commercially available for use. Authorizing that they be brought onboard will preclude unwitting violation of the HMR and needless frustrations at airport security checkpoints, particularly considering these types are deemed safe by PHMSA. Authorizing their use at this time eliminates an otherwise unfair competitive advantage, should PHMSA authorize other fuel types of comparable danger level, while not providing for borohydride type units. In addition, by accepting corrosive fuels by hazard class, PHMSA will be aligning with the UNSCETDG decision to classify fuel cells according to hazard class rather than on a fuel by fuel basis.

We appreciate your consideration of this petition and look forward to your response.

Proposed Revision to 49 CFR Section 175.10(a)

Note: Strikeout and bolded text indicate amendments to the USFCC petition of March 2, 2006.

Amend Sec. 175.10(a) Exceptions for passengers, crewmembers, and air Operators, by adding the following new subparagraph:

175.10(a) This subchapter does not apply to:

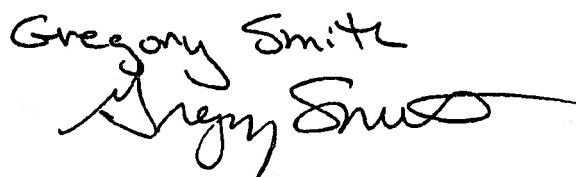
* * *

- (18) Portable electronic devices (for example cameras, cellular telephones, laptop computers, and camcorders) powered by fuel cell systems and spare fuel cartridges, under the following conditions:
 - (i) fuel cell systems may only contain flammable liquids (including methanol), formic acid corrosive substances (including formic acid and borohydride compositions), or butane;
 - (ii) fuel cell cartridges must comply with IEC Micro Fuel Cell Safety Specification PAS 62282-6-1 Ed. 1 (2006-02);
 - (iii) fuel cell cartridges must not be refillable by the user. Refilling of fuel cell systems is not permitted except that the installation of a spare cartridge is allowed. Fuel cell cartridges which are used to refill fuel cell systems but which are not designed or intended to remain installed (fuel cell refills) are not permitted to be carried under this provision;
 - (iv) the maximum quantity of fuel in any fuel cell cartridge must not exceed:
 - (a) for liquids 200 ml; or
 - (b) for liquefied gases 120 ml for nonmetallic fuel cell cartridges or 200 ml for metal fuel cell cartridges;
 - (v) each fuel cell cartridge must be marked with a manufacturer's certification that it conforms to IEC PAS 62282-6-1 Ed. 1, and with the maximum quantity and type of fuel in the cartridge;
 - (vi) fuel cell systems must conform to IEC PAS 62282-6-1 Ed. 1, and must be marked with a manufacturer's certification that it conforms to the specification;
 - (vii) no more than two spare fuel cell cartridges may be carried by a passenger;
 - (viii) fuel cell systems containing fuel and fuel cell cartridges including spare cartridges are permitted in carry-on baggage only;
 - (ix) interaction between fuel cells and integrated batteries in a device must conform to IEC PAS 62282-6-1 Ed. 1. Fuel cell systems whose sole function is to charge a battery in the device are not permitted; and
 - (x) fuel cell systems must be of a type that will not charge batteries when portable the electronic device is not in use and must be durably marked by the manufacturer: "APPROVED FOR CARRIAGE IN AIRCRAFT CABIN ONLY".

Please contact Gregory M. Smith of Millennium Cell (One Industrial Way West, Eatontown, NJ 07724; smith@millenniumcell.com; 732.544.5757) or David Weil of Medis Technologies (805 Third Avenue, 15th Floor, New York, NY 10022 davidw@mediscl.co.il, 972-54-6621708) directly if you have any questions on this petition for rulemaking or the materials submitted with it.

Sincerely,

Medis Technologies/Millennium Cell



Enclosures

cc, w/o encl.: VADM Thomas Barrett, Administrator, PHMSA
Brigham McCowen, Deputy Administrator, PHMSA
Stacey Gerard, Safety Officer, PHMSA
Bob Richard, Deputy Associate Administrator for Hazardous Material Safety, PHMSA
Susan Gorsky, Standards, PHH -10

Exhibit 10

7/28/05 BWIRE 11:34:00

Page 1

7/28/05 Bus. Wire 11:34:00

Business Wire
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July 28, 2005

Medis Technologies Announces Purchase Order from Distributor - ASE International

NEW YORK--(BUSINESS WIRE)--July 28, 2005-- Company Delivering Newest Version of Fuel Cell Power Pack Product to Distributors and Mobile Operators on Schedule

Medis Technologies Ltd. (NASDAQ:MDTL) announced today that ASE International, which is a Medis distributor focusing on drugstores, convenience stores, department stores and airport and duty free shops, has issued to Medis a purchase order totaling over fifty million dollars (\$50 million) for delivery of 200,000 Power Packs a month for the first year of availability from Medis production and 400,000 Power Packs a month from the second year of production.

Edward Koss, Chairman and CEO of ASE, stated that, "We issued this purchase order to insure that there will be sufficient Power Packs available to ASE for the over 60,000 doors that we service through our customers in the US and Canada. We have purchased a new 40,000 square foot warehouse in Florida for Southern distribution, which will be used in part to help distribute the Power Pack products and important customers have already indicated to us their desire to offer the Power Packs in their stores. ASE International is an affiliate of Sheralven Enterprises, Ltd. one of the largest wholesalers of fragrances and hair care products to those same markets and is standing behind this purchase order."

"Obviously, we are gratified by this strong show of confidence on the part of ASE," said Robert K. Lifton, Chairman and CEO of Medis Technologies. "We believe that mobile operators and OEMs as well as other distributors will also want to reserve availability of Power Pack units once they have demonstrated the Power Packs to their customers. This is particularly the case regarding those customers in the enterprise market. We are committed to building the first fully automated line, capable of producing 1.5 million Power Packs a month, as rapidly as we can. We believe that the financing we have just announced will enable us comfortably to complete that line and if that line becomes sold out we will start to plan for another fully automated line."

The Company also announced that it is delivering on schedule its newest version of the fuel cell Power Pack product to its various distributors. It also has Power Pack units available to deliver to those mobile operators and Original Equipment Manufacturers (OEMs) with whom it has entered into Cooperation Agreements. Meetings are already scheduled starting next month with mobile operators and OEMs in the United States and Europe to deliver Power Packs to them so that they can demonstrate the Power Packs to their customers and provide feedback to Medis, including indications of orders, as contemplated by the Cooperation Agreements with those parties.

Medis Technologies' primary focus is on direct liquid fuel cell technology. Its business strategy is to sell its products to end users through retail outlets and

•7/28/05 BWIRE 11:34:00

Page 2

service providers. Medis has also developed the CellScan with many potential applications relating to disease diagnostics and chemo sensitivity. Additionally, Medis' product pipeline includes other technologies, in varying stages of development.

This press release may contain forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve risk and uncertainties, including, but not limited to, the successful completion of product development, the success of product tests, commercialization risks, availability of financing and results of financing efforts. Further information regarding these and other risks is described from time to time in the Company's filings with the SEC.

This press release is available on Medis' web site at www.medistechnologies.com.

CONTACT: Medis Technologies Robert K. Lifton, 212-935-8484
or Investor Relations Counsel: The Equity Group Inc.
Adam Prior, 212-836-9606 Devin Sullivan, 212-836-9608
KEYWORD: NEW YORK
INDUSTRY KEYWORD: OIL/GAS HARDWARE ENERGY
SOURCE: Medis Technologies Ltd.

----- INDEX REFERENCES -----

COMPANY: MEDIS TECHNOLOGIES LTD

NEWS SUBJECT: (Business Management (1BU42))

INDUSTRY: (Retail (1RE82); Land Transportation (1LA43); Retailers (1RE64); Fuel Cell Technology (1FU86); Passenger Transportation (1PA35); Automotive Technology (1AU48); Transportation (1TR48); General Merchandise Stores (1GE70); Automobiles (1AU45); Consumer Products & Services (1CO62); Automotive (1AU29); Personal Care & Beauty Aids (1PE87); Fuel Cell & Battery (1FU90))

REGION: (Americas (1AM92); North America (1NO39); USA (1US73))

Language: EN

OTHER INDEXING: (ASE; ASE INTL; COOPERATION AGREEMENTS; DISTRIBUTORS; EQUITY GROUP INC; FUEL CELL POWER PACK PRODUCT; MEDIS; MEDIS TECHNOLOGIES; MEDIS TECHNOLOGIES ANNOUNCES; MEDIS TECHNOLOGIES LTD; NASDAQ:MDTL; POWER; POWER PACK; POWER PACKS; SEC; SHERALVEN ENTERPRISES LTD) (Adam Prior; Devin Sullivan; Edward Koss; Newest Version; Robert K. Lifton; YORKINDUSTRY KEYWORD)

KEYWORDS: NEW YORK (f); (OIL/GAS HARDWARE ENERGY)

TICKER SYMBOL: NASDAQ:MDTL

Word Count: 812
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